

ORIGINAL

Decision No. 82292

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of ANZA ELECTRIC COOPERATIVE, INC.
for authority to revise its
electric service tariff to include
a purchased power adjustment
provision; or as an alternative, for
authority to revise its electric
service tariff to offset the increased
cost of purchased electric power.

Application No. 54293

(Filed August 31, 1973)

O P I N I O N

Anza Electric Cooperative, Inc. (Anza) seeks authority to include in its electric tariffs a purchased power adjustment provision, or as an alternative, Anza requests authority to increase all energy charges in its Rate Schedules A, D, DWH, E, I, and LP by \$0.0056 cents per kilowatt-hour (kwhr) to offset an increase in the cost of electric power purchased from Southern California Edison Company (Edison). Anza is a nonprofit cooperative, a member-owned utility which purchases 100 percent of its power requirements from Edison. The Federal Power Commission (FPC) has regulatory jurisdiction of the wholesale power rates of Edison which are applicable to Anza's purchases.

As a result of a filing by Edison with the FPC in FPC Docket No. E-8176, Anza anticipates a 45 percent increase in its cost of purchased power. The effective date of the increase to Anza was December 9, 1973.

Anza's present rates were authorized by Decision No. 81385 dated May 15, 1973 in Application No. 53730. Applicant's present request is based upon the 1972 results of operations set forth in Decision No. 81385. The FPC filing of Edison in FPC Docket No. E-8176 would have increased 1972 purchased power costs by \$40,536.13 according to Anza.

The Commission staff has reviewed the application. The staff report recommends that the authorization of a purchased power adjustment clause be deferred until Edison implements a fuel adjustment clause in its resale schedule applicable to Edison's sales to Anza. The staff states that the test year 1972 results of operations relied upon by applicant are sufficient for this offset application but should not be used as a basis for future general rate relief. The staff recommends offset rate relief be granted by ex parte order, subject to provisions for refunds and rate reductions contingent on FPC order in Edison's filing. Since the staff recommendations will be followed, the staff report dated November 14, 1973, and attached exhibits, will be placed in the formal file.

The results of operations for test year 1972, to be used for offset rate relief in this proceeding only, are as follows:

Results of Operations
Test Year 1972

Item	Present Rates		Proposed Rates:
	Power Rates ^{1/} :		Power Rates ^{2/} :
	Exhibit C-4 ^{1/} :		Exhibit C-5 ^{2/} :
Gross Operating Revenue	\$ 250,963	\$ 250,963	\$ 289,495
<u>Operating Expenses</u>			
Purchased Power	89,396	129,932	129,932
<u>Other Operating Expenses</u>	<u>127,797</u>	<u>127,797</u>	<u>127,797</u>
Total Operating Expenses	217,193	257,729	257,729
Net for Return ^{3/}	33,770	(6,766)	31,766
Rate Base	1,965,972	1,965,972	1,965,972
Rate of Return	1.72%		1.62%

Inverse Item

^{1/} Attached to the application.

^{2/} Attached to the application.

^{3/} Excluding interest charge of \$37,700 on long-term debt and interest credit of \$1,614.

Consumers have been notified of this proposed increase by means of a monthly newsletter and at the annual membership meeting. No protests have been received.

Findings

1. In Decision No. 81385 dated May 15, 1973, the Commission authorized increased rates for Anza. The Commission found that at the increased rates authorized, Anza's 1972 net operating income was insufficient to pay the interest on long-term debt.

2. On May 8, 1973 Anza's wholesale electric supplier, Edison, filed for a rate increase subject to refund with interest in FPC Docket No. E-8176.

3. As a result of Edison's filing in FPC Docket No. E-8176, Anza's cost of purchased power will increase.

4. Anza's rate of return prior to Edison's filing in Docket No. E-8176 was below the two percent interest rate on its long-term debt.

5. A refundable rate increase is needed.

6. We find that the increases in rates and charges authorized by this decision are justified and are reasonable; and that the present rates and charges, insofar as they differ from those prescribed by this decision, are for the future unjust and unreasonable.

7. Notice of filing of this application has been given to Anza's customers. No protests have been received.

8. A public hearing is not necessary.

The Commission concludes that the application should be granted to the extent set forth in the following order.

O R D E R

IT IS ORDERED that:

1. Anza Electric Cooperative, Inc. is authorized to file with this Commission, on or after the effective date of this order, revised electric tariff schedules increasing the energy charges for all blocks in its Rate Schedules A, D, DWH, E, I, and LP by \$0.0056 per kw-hr. Such filing should include in Section D of the preliminary statement provisions for contingent refunds and rate reductions as set

forth in Appendix A attached hereto. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be one day after the date of filing. The revised schedules shall apply only to service rendered on and after the effective date thereof.

2. Anza Electric Cooperative, Inc. shall pass on to its customers by advice letter procedure any reduced rates, and refund to its customers any refund from Sputhern California Edison Company pursuant to order of the Federal Power Commission in Docket No. E-8176.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 3rd day of JANUARY, 1974.

Vernon L. Steenson
President
William J. Givens, Jr.

[Signature]
[Signature]
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

RATE - ANZA ELECTRIC COOPERATIVE, INC.

Applicant's preliminary statement is changed to the extent set forth in this appendix.

PRELIMINARY STATEMENT

The following section is to be added to the preliminary statement.

- D. Contingent refunds and rate reduction.
 - a. The cooperative will refund to its customers all refunds including interest received from Southern California Edison Company pursuant to an order of the Federal Power Commission, relating to a reduction in wholesale power cost for the period the utility rates are in effect pursuant to Decision No. 82292 and below those power rates shown in Exhibit C-5 of the cooperative's Application No. 54293 to the CPUC. The refunds to customers will be made in direct proportion to their energy purchases.
 - b. The cooperative will reduce its rates by an aggregate amount equal to any reduction in wholesale power cost below those power rates shown in Exhibit C-5 of Application No. 54293, by appropriately reducing all rate blocks of the cooperative's schedules through a subsequent tariff filing.